

David Stanowski, President of the Galveston Open Government Project

Heber Taylor is afraid that there might be conflicts of interest involved with the tax credits that you are considering today. It's good that he is raising this issue, but he's focused on the wrong person!

In 1996, the new Assistant Secretary of HUD, Catherine Austin Fitts, was investigating why HUD was overpaying so much on its housing programs. When she asked one of her lieutenants to explain why so much waste still remained, he said, "but then how would we generate fees for our friends?" Secretary Fitts discovered that subsidized housing programs are designed to benefit well-connected developers and political insiders, so the poor are just an afterthought! This creates very fertile ground for conflicts of interest.

Is the availability of very significant "fees for our friends" the only reason that a pitched battle has been waged to block the resolution that would place a moratorium on tax credits in this city?

Someone even enlisted Assistant Secretary Mercedes Marquez to threaten this Council with excommunication from the Promised Land of federal subsidies, if you pass this resolution, and she threw in the threat of a fair housing investigation as a bonus. Other threats were made regarding possible conflicts of interest.

The fact that Secretary Marquez is a former vice-president of MBS, and defeating this resolution could generate millions of dollars in tax credits for MBS seems

to have escaped notice. Isn't that a serious potential conflict of interest that should be examined?

It was bad enough that Secretary Marquez turned a blind eye to the fair housing violations contained in the GHA rebuilding plan, but her threat to influence a Council vote on a State and local matter has gone too far!

Today, the GOP sent a request to HUD's office of Ethics and its Inspector General to investigate a potential conflict of interest in these actions. We also sent copies to all of the relevant Congressional committees with on-going investigations of HUD, and will be asking Congressman Ted Poe to hand carry a copy to Congressman Darrell Issa, Chairman of the Committee on Oversight & Government Reform.

In addition, I called Debbie Cenziper of the Washington Post to try to convince her to add the Galveston rebuilding plan to her series on HUD scandals. Secretary Marquez has already been featured in her series.

Finally, we sent a copy to the Enforcement Division of HUD's Office of Fair Housing asking them to begin a fair housing investigation of GHA's rebuilding plan. A fair housing investigation could be one of the best things to happen to this city!

It should be obvious that the real conflicts of interest in subsidized housing programs involve those who hand out "fees for our friends".